

AMENDED IN ASSEMBLY APRIL 12, 2007

AMENDED IN ASSEMBLY APRIL 9, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1078**

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**Introduced by Assembly Member Lieber  
(Coauthor: Assembly Member Swanson)**

February 23, 2007

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An act to add Section 11322.5 to the Welfare and Institutions Code, relating to earned income credit.

LEGISLATIVE COUNSEL'S DIGEST

AB 1078, as amended, Lieber. Earned income tax credit: CalWORKs.

Federal income tax laws allow a refundable federal Earned Income Tax Credit (EITC) for low-income individuals that meet specified requirements.

This bill would require the State Department of Social Services to develop guidelines that may be adopted by counties relating to the EITC, as specified. This bill would make legislative findings and declarations in connection therewith.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 11322.5 is added to the Welfare and
- 2 Institutions Code, to read:
- 3 11322.5. (a) It is the intent of the Legislature to do each of the
- 4 following:

1 (1) Maximize the ability of those CalWORKs recipients who  
2 are in the lowest-income segment of the working poor to benefit  
3 from the federal Earned Income Tax Credit (EITC). To accomplish  
4 this goal, it is the intent of the Legislature that counties have the  
5 ability ~~to assure that payments made to recipients who are engaged~~  
6 ~~in~~ *to structure* welfare-to-work activities pursuant to subdivisions  
7 (a) to (j), inclusive, of Section 11322.6 *to maximize the likelihood*  
8 *that payments to recipients* meet the definition of “earned income”  
9 in Section 32(c)(2) of the Internal Revenue Code.

10 (2) Educate and empower all eligible CalWORKs participants  
11 to take advantage of the federal EITC.

12 (3) Educate and empower all ~~CalWORKs~~ *CalWORKs*  
13 participants who receive the federal EITC to save or invest part or  
14 all of their credits in instruments such as individual development  
15 accounts, 401(k)s, or 529s, to build their assets.

16 (b) (1) No later than December 1, 2008, the State Department  
17 of Social Services shall develop guidelines that counties may adopt  
18 to carry out the intent of this section and shall present options to  
19 the Governor and Legislature for any legislation necessary to carry  
20 out the intent of this section.

21 (2) In developing the guidelines and legislative options, the  
22 department shall consult and convene at least one meeting of  
23 interested parties, including representatives from the Assembly  
24 and Senate Human Services Committees, Asset Policy Initiative  
25 of California, California Budget Project, California Catholic  
26 Conference, California Family Resource Association, California  
27 State Association of Counties, CFED, County Welfare Directors  
28 Association of California, Federal Reserve Bank of San Francisco,  
29 Legislative Analyst’s Office, Lifetime, National Council of  
30 Churches, National Economic Development and Law Center, New  
31 America Foundation, Public Policy Institute of California,  
32 University of California at Los Angeles Law School, and Western  
33 Center on Law and Poverty. Nothing in this section requires the  
34 department to compensate or pay expenses for any person it  
35 consults or invites to the meeting or meetings.